



7710-12

POSTAL SERVICE

39 CFR Part 111

Refunds and Exchanges

AGENCY: Postal Service™.

ACTION: Final rule.

SUMMARY: The Postal Service is revising *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®) 604.9 and other DMM sections to remove obsolete standards pertaining to postage refunds and stamp exchanges, and to standardize processes for requesting refunds for PC Postage® labels and extra service refunds.

DATES: *Effective date:* July 28, 2013.

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SUPPLEMENTARY INFORMATION: The Postal Service published a notice of-proposed rulemaking on March 14, 2013 (78 FR 16213), which included a 30 day comment period. After review of the comments and further consideration, the Postal Service provides this final rule.

A. Comments.

The Postal Service received fourteen formal responses to our proposed rule as comments, four of which included comments about more than one issue. There were two responses by customers, nine by mailers, one by a postal employee; and two by mailer associations.

Changes to Refund Amount Assessments

Seven mailers and two mailer associations requested that the Postal Service withdraw or alter the proposed change to replace hourly assessments, used when granting specific postage refunds, with an assessment of not more than 90 percent of the face value of postage. This proposed change affected postage refunds for dated or undated, unused postage meter indicia; for stamps affixed to Business Reply Mail® (BRM) pieces; and for refunds requested under Special Postage Payment Systems under DMM 705 (which provides for refunds only under extenuating circumstances and where a mailer or third party provider is at fault, not the Postal Service). The commenters generally suggested that the Postal Service either retain the hourly administrative assessment and/or set a refund threshold amount for assessments at 90 percent of the face value. One mailer and one mailer association suggested a mailer/USPS® task team be established to determine the changes to these postage refund assessments. Two commenters provided similar examples of a recent mailer refund request assessed at an hourly administrative cost compared to an assessment at the face value of the amount of postage to demonstrate that the charges under the proposed rule would be excessive. The example describes a *Posta/One!*® reversal due to a mailer's incorrect postage statement; the proposed rule would

not have altered the charges assessed in that instance. One mailer association questioned whether the proposed rule applied to postage withdrawals from a permit imprint advance deposit account. The proposed rule made no mention of revising the current process for withdrawals from permit imprint advance deposit accounts. As a result of these comments in general, the Postal Service will publish a revised Federal Register notice-proposed rule addressing this particular subject.

Refunds for adhesive stamps in connection with authorized marketing programs.

One commenter requested the Postal Service continue to provide refunds for adhesive stamps affixed to un-mailed matter in connection with an authorized marketing program. Under current standards for the exchange of stamps affixed to commercial envelope and cards, customers would not be adversely affected by removing the reference to (USPS) authorized marketing programs. Therefore, the Postal Service will remove the unnecessary references to an authorized marketing program from the DMM.

Establishing a minimum threshold for VAR refunds.

One commenter disagreed with the Postal Service proposing a minimum threshold of \$50.00 for Value Added Refunds (VAR) and also commented that the overall concept was understandable. The commenter recommended a \$25.00 minimum threshold and suggested that the Postal Service require VAR refunds to be made by Electronic Funds Transfer (EFT) in an effort to reduce the manual costs of processing VARs. Since the majority of VAR refunds are done

by EFT today, requiring VARs only through EFT may not serve to eliminate or significantly reduce the current costs to process the VAR. Therefore, based on a need to cover actual costs and improve efficiencies in this area, the Postal Service is establishing a minimum threshold of \$50.00 for VARs as part of this final rule.

Refunds and Exchanges of damaged or unused stamps or stamped matter

One commenter voiced his displeasure with the following four DMM revisions pertaining to the proposed rule:

- The commenter disagreed with the Postal Service's proposal to extend the same provision to exchanging unusable stamped paper as provided for unusable stamps when spoiled in the customer's possession; which must be those items on sale within 12 months before the transaction. Rather than continue to treat customers with similar types of exchanges differently, the Postal Service will align the exchange of similar types of postage-related items under the same established principle; exchange is limited to items on sale within 12 months before the transaction.
- The commenter indicated the provision allowing the redemption of unusable aerogrammes spoiled in the customer's possession appears to be omitted from the proposed rule. This change was included in the proposed rule in general as an obsolete standard. Aerogrammes have not been available for purchase since 2007. Additionally, the proposed rule to revise stamped matter presented for exchange to those items on sale within the last 12 months would eliminate the ability to redeem

aerogrammes. Based on these facts and the final rules in this notice, the Postal Service is removing the option to redeem aerogrammes from mailing standards. Customers are reminded that previously purchased aerogrammes are currently mailable at the applicable First-Class Mail International letter-size price.

- The commenter states that the explanation of the proposed rule refers to the use of the Special Delivery stamp and that individuals who have purchased Special Delivery stamps should be able to use them for any purpose now that the Postal Service has eliminated that service. The customer compares this to his opinion that this is unfair to not allow the use of the Special Delivery stamp as it should be the same as being able to use the 15-cent Certified Mail stamp, issued in 1955, as postage. Special Delivery stamps have not been available for purchase since 2007 and based on current standards, neither the Certified Mail® stamp nor the Special Delivery stamp are allowed to be used as postage. As a result, the obsolete references to Special Delivery service will be removed from the DMM as part of this final rule.
- The commenter states that the redemption permitting conversion of postage stamps to a deposit to a permit imprint account was being eliminated without the Postal Service stating the reason for this change. The proposed rule served to remove obsolete standards from the DMM in general, as indicated in the preamble. The use of this option has declined steadily over the years and is now rarely or never used, and no other

comments from any customer claiming to use this option were received.

Therefore, this final rule removes the option for conversion of postage stamps to a deposit to a permit imprint account.

Clarifications

Four comments included requests for further clarification on the limits of \$100.00 for stamp exchanges for “each such transaction”. This final rule revises the DMM language to provide clarity and define “each such transaction” under the \$100.00 exchange limit.

One commenter expressed concern whether the proposed rules aligning the refund standards for PC Postage with the standards for meter indicia refunds would adversely affect the retail acceptance offices processing these refund requests. There was no mention in the proposed rule that would change the processing of PC Postage refunds requests from the vendors to USPS Retail units.

One commenter requested clarification on whether the proposed rule was actually eliminating their “current practice” of cutting unused postage stamps from envelopes and affixing them to sheets of paper for refund. The standards mentioned were merely being relocated, not being revised. Furthermore, customers are advised that current standards prohibit refunds being made for unused stamps cut from envelopes (and affixing them to paper), therefore, this practice should be discontinued immediately.

Although no comments were received to the proposal to include language in the DMM, consistent with existing delivery record retention periods, for those

refund requests for extra services not rendered, the Postal Service plans to publish a revised Federal Register notice in the nearby future which will include more comprehensive information in this regard.

B. Summary of Changes To Be Implemented.

Technological advances have facilitated expansion of authorized postage payment methods and for requesting postage refunds. As a result, certain manual refund processes have become unnecessary and inefficient. Additionally, as new postage payment methods options were adopted, some refund and appeals time periods were inadvertently omitted. These revisions will serve to correct earlier changes, provide clarity, and remove obsolete standards from the DMM as follows:

Permit holders may request a credit to an advanced deposit account for postage stamps affixed to BRM pieces, and for annual presort mailing fees paid but never used. A direct postage refund may be requested for postage affixed to BRM only if an advance deposit account is not used or is unavailable.

Clarifications are being made that meter postage refunds are not given for a decertified meter or for a meter which is reported lost by the provider and recovered after 365 days.

As a result of removing obsolete stamp conversion standards as part of this final rule (i.e. converting stamps to other postage forms; references to the former Special Delivery service; and to providing refunds for adhesive stamps affixed to unmailed matter in connection with an authorized marketing program) only exchanges of Semipostal stamps will be permitted.

Additional language will be included in our standards for extra service refunds to clarify that proof of receipt by the Postal Service must be included with the refund request, regardless of the postage payment method used. Proof of acceptance can be valid USPS acceptance/mail processing scans, a USPS postmarked (round-dated) mailing receipt or a retail Post Office mailing receipt.

Prior to the availability of electronic scanning data, signatures were routinely captured for mailpieces being returned to the sender as undeliverable. Additionally, mailpieces with extra services, including those that may not include indemnity, such as Certified Mail® and Signature Confirmation™, are designed to capture the signature of the recipient indicated by the sender as the addressee on the mailpiece. This final rule will clarify that if the sender or the sender's agent is not available to sign for returned, undeliverable Certified Mail, return receipt for merchandise, and Signature Confirmation items, capturing the sender's signature is not required. Return to sender scans will still be provided in these cases. Customers are reminded that postage refunds for services not rendered are not provided when a signature of the sender is not captured when the piece has been properly returned to sender with reason for non-delivery.

Duplicate references to when Express Mail® refunds are not given, as provided in DMM 114.2.0, 214.3.0, 314.3.0, and 414.3.0, along with other related refund standards, will be relocated to the existing DMM section for Express Mail Postage Refunds (605.9.5).

Data shows that the administrative costs, associated to both the mailer and the Postal Service, to provide a Value Added Refund (VAR) will generally

exceed \$50.00 making such requests a negative return on investment.

Therefore, a minimum refund amount of \$50.00 per mailing is established in the file rule for VARs.

The Postal Service provides customers with an appeal process for *unfavorable rulings* on postage refund requests made to an authorized PC Postage provider. These appeals require a manual, detailed review of the denial that was not previously accounted for in refunds standards. Therefore, the refund standards for PC Postage appeals are being aligned under the same established principles as for meter indicia refunds, which take a similar amount of manual steps to review and adjudicate. Therefore, if an appeal to an unfavorable ruling on a refund request for PC Postage indicia results in a refund being granted, the refund amount would not exceed 90 percent of the face value of the indicia. Customers are also reminded that, except in the event of a service failure on a guaranteed product or extra service, refund requests for postage purchased through an authorized PC Postage provider must be made directly through that provider. Only appeals to an *adverse ruling* on such requests made by a provider within the allotted refund period may be directed to the Postal Service through the manager, Payment Technology, USPS Headquarters. Subsequently, as part of this final rule, the Postal Service will expand the refund period for customers to request postage refunds through their provider for PC Postage indicia containing a valid Postal Identification Code (PIC) from 10 days to 30 days. This is being done in an effort to give customers additional time to reconcile their shipping

records and to help reduce the amount of requests for appeals being received beyond the current 10 day refund filing period.

As a result of these revisions, PS Form 3533, *Application for Refund of Fees*, will be revised to reflect the changes.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, for the reasons stated in the preamble, 39 CFR part 111 is amended as follows:

PART 111--[AMENDED.]

1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 U.S.C. 552(a); 13 U.S.C. 301-307; 18 U.S.C. 1692-1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

2. Revise the following sections of the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM) as follows.

***Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM):**

* * * * *

100 Retail Letters, Cards, Flats, and Parcels

* * * * *

110 Priority Mail Express

113 Prices and Eligibility

* * * * *

2.0 Basic Eligibility Standards for Priority Mail Express

2.1 Definition

[Revise the first sentence of 2.1 and then add a new second sentence as follows:]

Priority Mail Express is an expedited service for shipping any mailable matter, with a money-back guarantee, subject to the standards below. Refunds standards for domestic Priority Mail Express Next Day and Second Day Delivery are provided in 604.9.5. * * *

* * * * *

4.0 Service Features of Priority Mail Express

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4.2 Priority Mail Express Next Day Delivery

* * * * *

[Delete 4.2.6 Refunds in its entirety.]

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4.3 Priority Mail Express Second Day Delivery

* * * * *

[Delete 4.3.5 Refunds in its entirety.]

* * * * *

4.4 Priority Mail Express Military Service (PMEMS)

4.4.1 Objectives

[Replace the third sentence of 4.4.1 as follows:]

***For PMEMS, the USPS refunds standards are provided in 604.9.5.

* * * *

114 Postage Payment Methods

* * * *

[Delete 2.0, Postage Refunds, in its entirety.]

* * * *

200 Commercial Letters and Cards

* * * *

210 Priority Mail Express

213 Prices and Eligibility

* * * *

3.0 Basic Standards for Priority Mail Express

3.1 Definition

[Revise the first sentence of 3.1 then add a new second sentence as follows:]

Priority Mail Express is an expedited service for shipping any mailable matter, with a money-back guarantee, subject to the standards below. Refunds standards for domestic Priority Mail Express are provided in 604.9.5. ***

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4.0 Service Features of Priority Mail Express

* * * *

4.2 Priority Mail Express Next Day Delivery

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[Delete 4.2.5 Refunds in its entirety.]

* * * *

4.3 Priority Mail Express Second Day Delivery

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[Delete 4.3.5 Refunds in its entirety.]

4.4 Priority Mail Express Custom Designed

[Delete 4.4.8 Refunds]

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4.5 Priority Mail Express Military Service (PMEMS)

4.5.1 Objectives

[Replace the third sentence of 4.5.1 as follows:]

* * *For PMEMS, the USPS refunds standards are provided in 604.9.5.

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214 Postage Payment and Documentation

* * * * *

[Delete 3.0, Postage Refunds, in its entirety.]

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300 Commercial Flats

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310 Priority Mail Express

313 Prices and Eligibility

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3.0 Basic Standards for Priority Mail Express

3.1 Definition

[Revise the first sentence of 3.1 and then insert a new second sentence as follows:]

Priority Mail Express is an expedited service for shipping any mailable matter, with a money-back guarantee, subject to the standards below.

Refunds standards for domestic Priority Mail Express are provided in 604.9.5.***

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4.0 Service Features of Priority Mail Express

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4.2 Priority Mail Express Next Day Delivery

* * * * *

[Delete 4.2.5 Refunds in its entirety.]

4.3 Priority Mail Express Second Day Delivery

* * * * *

[Delete 4.3.5 Refunds in its entirety.]

4.4 Priority Mail Express Custom Design

* * * * *

[Delete 4.4.8 Refunds in its entirety.]

4.5 Priority Mail Express Military Service (PMEMS)

4.5.1 Objectives

[Replace the third sentence of 4.5.1 as follows:]

***For PMEMS, the USPS refunds standards are provided in 604.9.5.

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314 Postage Payment and Documentation

* * * * *

[Delete 3.0, Postage Refunds, in its entirety.]

* * * * *

400 Commercial Parcels

* * * * *

410 Priority Mail Express

413 Prices and Eligibility

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3.0 Basic Standards for Priority Mail Express

3.1 Definition

[Revise the first sentence of 3.1 and then insert a new second sentence as follows:]

Priority Mail Express is an expedited service for shipping any mailable matter, with a money-back guarantee, subject to the standards below. Refunds standards for domestic Priority Mail Express are provided in 604.9.5.***

* * * * *

4.0 Service Features of Priority Mail Express

* * * * *

4.2 Priority Mail Express Next Day Delivery

* * * * *

[Delete 4.2.5 Refunds in its entirety.]

* * * * *

4.3 Priority Mail Express Second Day Delivery

* * * * *

[Delete 4.3.5 Refunds in its entirety.]

* * * * *

4.4 Priority Mail Express Custom Designed

[Delete 4.4.9 Refunds]

4.5 Priority Mail Express Military Service (PME MS)

4.5.1 Objectives

[Replace the third sentence of 4.5.1 as follows:]

***For P ME MS, the USPS refunds standards are provided in 604.9.5.

* * * * *

414 Postage Payment and Documentation

* * * * *

[Delete 3.0, Postage Refunds, in its entirety.]

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500 Additional Mailing Services

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505 Return Services

1.0 Business Reply Mail (BRM)

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1.6 Postage, Per Piece Fees, and Account Maintenance Fees

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1.6.6 With Postage Affixed

[Revise the fourth sentence of 1.6.6 as follows:]

***The permit holder may request a credit to the advance deposit account for postage affixed to BRM. A refund may be requested under 604.9.2 for postage affixed to BRM only if an advance deposit is not used.

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500 Additional Mailing Services

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507 Mailer Services

* * * * *

1.8 Returning Mail

1.8.5 Extra Services

[Revise 1.8.5 by revising the text of the fourth sentence and adding a new fifth sentence as follows:]

***The sender must sign a delivery receipt for returned Priority Mail Express and for Registered Mail, COD articles, mail insured for more than \$200, and any mail sent with return receipt for merchandise service. Returned Priority Mail Express (when waiver of signature is requested by sender), Certified Mail, and mail with Signature Confirmation, or return receipt for merchandise service may be returned to the sender without obtaining a signature when those mailpieces are properly returned to sender as undeliverable.

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600 Basic Standards for All Mailing Services

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604 Postage Payment Methods

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4.0 Postage Meters and PC Postage Products ("Postage Evidencing Systems")

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4.7 Authorization to Produce and Distribute Postage Evidencing Systems

[Revise the second sentence of 4.7 as follows:]

***Additional information may be obtained from the manager, Payment Technology (see 608.8.1 for address).

* * * * *

[Revise the title of 9.0 as follows:]

9.0 Exchanges and Refunds

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9.1 Stamp Exchanges

[Revise the title and text of 9.1.2 as follows:]

9.1.2 Unusable, Damaged Stamps or Stamped Paper

Stamps, including stamped paper (cards and envelopes), that are damaged or otherwise unusable for postage (because of humidity, moisture, or other causes) while in a customer's possession may be exchanged only for an equal number of stamps, or stamped paper, alike and of the same denomination. Unusable stamps, including stamped paper, accepted from a customer must be those on sale at Post Offices within 12 months before the transaction. Quantities of the same denomination totaling over \$10 (i.e., sheets, coils, booklets) must be

returned in the same configuration as when bought. Except as provided in item e, each such transaction is limited to \$100 worth of postage from each customer.

These additional conditions apply to exchanges of damaged or unusable stamps or stamped paper:

a. Only the buyer may exchange stamped paper with a printed return address or other matter printed by the buyer.

b. Stamped envelopes (mutilated no more than is necessary to remove contents): Postage value plus value of any added postage due to a price increase or for additional service.

c. Unmutilated single and double stamped cards: 85% of postage value, plus full value of postage added. Unused double stamped cards printed for reply should not be separated but, if they are separated in error and the buyer presents both halves, the cards may be redeemed. Reply halves of double stamped cards returned to sender outside of the mail are not redeemable by the original buyer, even though the reply half received no postal service.

d. Stamps affixed to commercial envelopes and postcards: 90% of postage value. Envelopes and postcards must be in substantially whole condition and in lots of at least 50 of the same denomination and value.

e. Unused precanceled stamps in full coils and in full sheets redeemed from precanceled permit holders: 90% of postage value.

* * * *

[Renumber current 9.1.4 as new 9.1.8.]

[Renumber current 9.1.5 as new 9.1.4.]

[Add new 9.1.5 (renumbered from current 9.2.8) and revise the text as follows:]

9.1.5 Semipostal Stamps

Customers may exchange semipostal stamps for their postage value (i.e., the price of the stamps less the contribution amount) to the extent that exchange of postage stamps is permitted. The postage the customer exchanges is equal to the First-Class Mail single-piece one-ounce letter price in effect at the time of exchange. However, if the customer provides a receipt showing the date of purchase, the postage exchanged is equal to the postage price in effect at the time of purchase. The contribution amount is not refundable and is not included in the exchange value.

[Delete 9.1.6, Exchange of Spoiled and Unused Postal Matter, in its entirety.]

[Delete current 9.1.7, Stamps Converted to Other Postage Forms, in its entirety.]

[Renumber current 9.1.8 as new 9.1.7 and revise the introductory text of renumbered 9.1.6 as follows:]

9.1.6 Not Exchangeable

The following postage items cannot be exchanged:

[Revise the text of renumbered 9.1.6 item a. as follows:]

a. Adhesive stamps, unless mistakes were made in buying (9.1.4), stamps were defective, stamps are affixed to commercial envelopes and postcards, or under 9.1.2.

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[Revise the title of renumbered 9.1.8 as follows:]

9.1.8 Appeal of Denied Exchange

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9.2 Postage and Fee Refunds

[Revise the title of 9.2.1 as follows:]

9.2.1 General Standards

A refund of postage and fees may be made:

* * * * *

[Revise item 9.2.1b by deleting the second sentence and revising the text of the first sentence as follows:]

Under 9.3 for postage evidencing systems refund requests (4.0), which includes postage meters and PC Postage products. * * *

[Revise item 9.2.1c as follows:]

c. Under 9.4 for Value Added Refund (VAR) requests made at the time of mailing.

[Delete item 9.2.1e (relocated as part of renumbered 9.2.3 item m).]

[Delete current 9.2.3, Torn or Defaced Mail, in its entirety (relocated as part of renumbered 9.2.3, item l).]

[Renumber current 9.2.4 through 9.2.7 as new 9.2.3 through 9.2.6.]

9.2.3 Full Refund

A full (100%) refund or credit may be made when:

* * * * *

[Delete redesignated item 9.2.3e and redesignate items 9.2.3f through 9.2.3l as new items 9.2.3e through 9.2.3k.]

[Revise renumbered item h by adding a new second sentence as follows:]

h. * * * The permit holder should request a credit to its advance deposit account, unless an advance deposit account is not used or is unavailable and a refund is requested.

[Add new items 9.2.3l and 9.2.3m as follows:]

l. If a First-Class Mail, First-Class Package Service, Standard Post or Package Services mailpiece is torn or defaced during USPS handling so that the addressee or intended delivery point cannot be identified. Where possible, the damaged item is returned with the postage refund.

m. Under the terms of a contract between a contract postal unit (CPU) and the USPS for unused postage printed by the CPU.

[Revise the title of 9.2.4 as follows:]

9.2.4 Postage Refunds Not Available

***No refunds may be made for the following:

* * * * *

[Revise renumbered 9.2.4c as follows:]

c. Unused adhesive stamps (may be exchanged under 9.1, *Stamp Exchanges*).

[Revise renumbered item 9.2.4e as follows:]

e. Unused Priority Mail Forever Prepaid Flat Rate packaging. Only same packaging exchanges may be made directly through the Express and Priority Mail Supply Center (EPMSC) by calling 800-610-8734. Exchanges are only authorized when the unused packaging, purchased by credit card from <http://www.usps.com/>, arrives in damaged condition.

[Add new items 9.2.4f, 9.2.4g and 9.2.4h as follows:]

f. For postage (and/or fees for extra services not rendered) when a postmarked (round-dated) mailing receipt, retail Post Office mailing receipt or valid USPS acceptance/mail processing scan events are not available.

g. For extra service fees for services that include obtaining addressee signatures, except Signature Confirmation, when a refund is requested less than 10 days, or more than 18 months, from the date that the service was purchased.

h. For extra service fees, when the service could not be provided and the mailpieces are properly returned to sender as undeliverable. For Signature Confirmation fees when a refund is requested less than 10 days, or more than 10 months, from the date that the service was purchased.

9.2.5 Applying for Refund

[Revise the text of renumbered 9.2.5 as follows:]

For refunds under 9.2, the customer must apply for a refund on Form 3533; submit it to the postmaster; and provide the envelope, wrapper (or a part of it) showing the names and addresses of the sender and addressee, canceled postage and postal markings, or other evidence of postage and fees paid. The local postmaster grants or denies refund requests under 9.2. If the request is granted, the amount refunded may not exceed 90% of the indicia's face value when the total face value of the indicia is \$350 or less. When the total face value of the indicia is more than \$350, the amount refunded is the total face value reduced by \$35 per hour for the USPS time to process the refund, with a minimum charge of \$35. The charge is \$35 for each hour spent, with the last

fraction of an hour treated as a full hour. For example, if the time to process the refund is 2 hours and 12 minutes, the charge is \$35 for 3 hours (\$105), which is deducted from the total face value of the indicia. USPS may process the refund payment via a no-fee postal money order for amounts up to \$500.

Payment processing is through Accounting Service Center. Adverse rulings may be appealed through the postmaster to the manager, Pricing and Classification Service Center (see 608.8.0), who issues the final agency decision. Refunds for postage evidencing systems postage are submitted under 9.3.

[Delete renumbered 9.2.6.]

[Renumber current 9.2.9 as new 9.2.6 and revise the title and text as follows:]

9.2.6 Postage Affixed to Business Reply Mail

A business reply mail (BRM) permit holder may request a credit to an advance deposit account for postage affixed to returned BRM pieces. A refund may be requested for postage affixed to BRM only if an advance deposit is not used or is unavailable. Only the value of the postage affixed may be credited or refunded. Refunds are not given for foreign postage affixed to BRM. The permit holder must submit a completed Form 3533 to the postmaster documenting the excess postage payment for which a credit or refund is desired. The permit holder also must present properly faced and banded bundles of 100 (when quantities allow) identical BRM pieces with identical amounts of postage affixed. A charge of \$35.00 per hour, or fraction thereof, is assessed for the workhours used to process the credit or refund. Credits or refunds are not given for any BRM or

QBRM per piece charges, annual accounting fees, quarterly fees, or monthly maintenance fees.

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[Revise the title of 9.3 as follows:]

9.3 Refunds for Postage Evidencing Systems

[Renumber current 9.3.1 as new 9.3.7.]

[Add new item 9.3.1 as follows:]

9.3.1 Description

Postage meters and PC Postage products are collectively identified as postage evidencing systems. A postage evidencing system is a device or system of components a customer uses to print evidence that required postage has been paid. Refunds for postage and fees when payment is made by postage evidencing system indicia are granted as applicable in 9.3.2 through 9.3.12 and as follows:

- a. Refund requests must include the entire envelope or wrapper or a sufficient portion of the container showing the indicia must be included to validate that the item was never deposited with the USPS. Unused metered postage must not be removed from the mailpiece (including unmailed meter reply mail).
- b. Indicia printed on labels or tapes not adhered to wrappers or envelopes must be submitted loose and must not be stapled together or attached to any paper or other medium. Self-adhesive labels printed without a backing may be submitted on a plain sheet of paper.

c. If a part of one indicium is printed on one envelope or card and the remaining part on one or others, the envelopes or cards must be fastened together to show that they represent one indicium.

d. Refunds are allowable for indicia on metered reply envelopes only when it is obvious that an incorrect amount of postage was printed on them.

[Revise the title and text of 9.3.2 as follows:]

9.3.2 General Standards for Metered Indicia Refunds

Unused metered indicia are postage amounts (which may include fees) already imprinted onto any mailpiece, shipping label or meter strip (stamp) that was never mailed. Such meter indicia are considered for refund only if complete, legible, and valid. Authorized users must submit requests within 60 days of the date(s) shown in the indicia. Requests must include proof (such as a copy of the lease or contract) that the person or entity requesting the refund is the authorized user of the postage meter that printed the indicia. See 9.3.3 for additional standards applicable to dated, unused metered indicia and 9.3.4 for additional standards applicable to undated, unused metered indicia. For both types of unused metered indicia, submit refund requests as follows:

a. The items with unused postage must be sorted by meter used and then by postage value shown in the indicia, and must be properly faced and bundled in groups of 100 identical items when quantities allow.

b. Submit a refund request with a separate Form 3533 for each meter for which a refund is requested. Complete all identifying information and sections

of the form. Charges for processing a refund request for unused, dated meter indicia are as follows, depending on the total face value of the indicia:

1. When the total face value of the indicia is \$350 or less, the amount refunded is 90% of the face value. USPS may process the refund payment via a no-fee postal money order; or
 2. When the total face value of the indicia is more than \$350, the amount refunded is the total face value reduced by \$35 per hour for the USPS time to process the refund, with a minimum charge of \$35. The charge is \$35 for each hour spent, with the last fraction of an hour treated as a full hour. For example, if the time to process the refund is 2 hours and 12 minutes, the charge is \$35 for 3 hours (\$105), which is deducted from the total face value of the indicia. USPS may process the refund payment via a no-fee postal money order for amounts up to \$500. Payment processing for refunds of \$500.01 or more is through the Accounting Service Center.
- c. If a request is denied, the authorized user may appeal within 30 days of the ruling to the Manager, Pricing and Classification Center (see 608.8.0), who issues the final agency decision. The original meter indicia must be submitted with the appeal.

[Renumber current 9.3.3 as new 9.3.10.]

[Add new 9.3.3 as follows:]

9.3.3 Dated, Unused Meter Indicia

Refund requests for dated, unused meter indicia must be submitted to the local Post Office, under 9.3.1 and 9.3.2. The request is processed by the local Postmaster, who grants or denies the refund.

[Revise the title and text of 9.3.4 as follows:]

9.3.4 Undated, Unused Meter Indicia

Authorized users, or the commercial entity that prepared the mailing for the authorized user, must submit refund requests for undated, unused meter indicia under 9.3.1 and as follows:

a. The request must include a letter signed by the authorized user, or by the commercial entity that prepared the mailing, explaining why the mailpieces were not mailed.

b. The minimum quantity of unused, undated metered postage that may be submitted for refund is 500 pieces from a single mailing or indicia with a total postage value of at least \$500 from a single mailing.

c. Supporting documentation must be submitted to validate the date.

Examples of supporting documentation include the job order from the customer, production records, the USPS qualification report, spoilage report, and reorders created report, as well as customer billing records, postage statements, and a sample mailpiece.

d. The request must be submitted (with the items bearing unused postage and the documentation) to the manager, business mail entry at the USPS district overseeing the mailer's local Post Office, or to a designee authorized in writing. The manager or designee approves or denies the refund request.

[Renumber current 9.3.5 as new 9.3.9.]

[Renumber current 9.3.6 as new 9.3.5.]

9.3.5 Ineligible Metered Postage Items

The following metered postage items are ineligible for refunds:

[Revise renumbered item 9.3.5a as follows:]

- a. Meter reply pieces unless an incorrect postage price was printed.

* * * * *

[Revise renumbered item 9.3.5c as follows:]

- c. Loose indicia printed on labels or tape that have been stapled together or attached to paper or other medium, except under 9.3.2c.

[Revise renumbered item 9.3.5e as follows:]

- e. Indicia printed on mail returned to sender as undeliverable as addressed.

[Delete current 9.3.7, Refunds for Metered Postage, in its entirety and renumber current 9.3.8 as new 9.3.6.]

9.3.6 Rounding Numerical Values

[Revise the text of renumbered 9.3.6 as follows:]

Any fraction of a cent in the total to be refunded is rounded down to the whole cent. Any such rounding is unrelated to calculating a 90% maximum.

[Revise the title and text of renumbered 9.3.7 as follows:]

9.3.7 Unused Postage Value in Meter

The unused postage value remaining in a meter system when withdrawn from service may be refunded, depending upon the circumstance and the

ability of the USPS to make a responsible determination of the actual or approximate amount of the unused postage value. When postage meters are withdrawn because of faulty operation, a final postage adjustment or refund will be withheld pending the system provider's report of the cause. Once provided, the USPS will make the determination of whether a refund is warranted and any refund amount, if applicable. When a meter damaged by fire, flood, or similar disaster is returned to the provider, postage may be refunded or transferred when the registers are legible and accurate, or the register values can be reconstructed by the provider based on adequate supporting documentation. When the damaged meter is not available for return, postage may be refunded or transferred only if the provider can accurately determine the remaining postage value based on adequate supporting documentation. The authorized user may be required to provide a statement as to the cause of the damage and the absence of any reimbursement by insurance or otherwise, and that the authorized user will not also seek such reimbursement. No refund is given for faulty operation caused by the authorized user, for a decertified meter, or if a meter is reported lost by the provider and recovered after 365 days.

Refunds for unused postage value in meter systems are provided as follows:

- a. Authorized users must notify their provider to withdraw the meter and to refund any unused postage value remaining on it.
- b. The meter must be examined to verify the amount before any funds are cleared from the meter. Based on what is found, a refund or credit may be

initiated for unused postage value, or additional money owing for postage value used.

c. The provider forwards the refund request to the USPS for payment or credit to the authorized user's mailing account.

d. The USPS will not issue individual customer refunds for unused postage value less than \$25.00 remaining in a meter.

[Add new 9.3.8 as follows:]

9.3.8 General Standards for PC Postage Indicia Refunds

Unused PC Postage indicia are considered for refund only if complete, legible, valid and documented pursuant to 9.3.1. See 9.3.9 for additional standards applicable to requests for undated unused PC Postage indicia and 9.3.10 and 9.3.11 for additional standards applicable to requests for refunds of dated unused PC Postage indicia. For all types of unused PC Postage indicia, submit refund requests as follows:

a. Only authorized PC Postage users may request a refund.

b. The PC Postage system provider grants or denies a request for a refund for PC Postage indicia using established USPS criteria.

c. If a request is denied, the authorized user may appeal within 30 days of the adverse ruling through the manager, Payment Technology, USPS Headquarters (see 608.8) who issues the final agency decision. Requests for appeal must include the physical submission of the original label. If the exact numerical value of postage paid is not displayed in the indicia, the customer must submit the corresponding transaction log. The customer's specific reason for requesting the

appeal must be included. If the appeal to an unfavorable refund request ruling results in a refund being granted, the amount refunded may not exceed 90% of the indicia's face value.

[Revise the text of renumbered 9.3.9 as follows:]

9.3.9 Unused, Undated PC Postage Indicia

Refunds will not normally be provided for valid, undated, serialized PC Postage indicia containing commonly used postage values. If the authorized user believes extraordinary circumstances justify an exception, requests for such refunds must include a detailed explanation. Requests will be considered by the PC Postage system provider on a case by case basis and as provided in 9.3.1 and, 9.3.8.

[Revise the text of renumbered 9.3.10 as follows:]

9.3.10 Unused, Dated PC Postage Indicia With PIC

The refund request should reflect any package identification code (PIC).

Requests for refund of international mail postage (domestic origin only) and fees may include valid PICs for any form of USPS Tracking, Signature Confirmation, or Priority Mail Express service, and include those PICs available through the Track & Confirm service on usps.com. Requests for refund of PC Postage indicia that contain a valid Postal Identification Code (PIC) are provided as follows:

a. Requests must be submitted by authorized users to their provider electronically in accordance with procedures available from their provider.

Physical submission of labels to the provider is not permitted.

b. Requests must be initiated for within thirty (30) days of printing the indicia.

c. If a postage refund is granted, the original physical shipping label must be destroyed by the authorized user.

d. The provider may, at its discretion, charge for processing a refund request.

[Add new items 9.3.11 and 9.3.12 as follows:]

9.3.11 Unused, Dated PC Postage Indicia Without PIC

Requests for refund of dated, unused PC Postage indicia which do not have an associated PIC must be submitted as provided in 9.3.1 and as follows:

a. Must be physically submitted by authorized users to their provider, along with the items bearing the unused postage, in accordance with procedures available from their provider. Authorized users must submit the refund request within sixty (60) days of the date(s) shown in the indicia.

b. The provider may, at its discretion, charge for processing a refund request.

9.3.12 Unused Postage Value in PC Postage Systems

Authorized users must notify their PC Postage provider to withdraw a system and to refund any unused postage value remaining in that account. The provider refunds the unused postage value remaining in the user's system on behalf of the USPS. Individual customer refunds are not issued for unused postage value less than \$25.00 remaining in a PC Postage system.

[Revise the title of 9.4 as follows:]

9.4 Value Added Refunds

* * * * *

9.4.14 Criteria for Mailing

A mailing for which a VAR request is submitted must meet these criteria:

[Add a new item 9.4.14f as follows:]

f. Each mailing refund request must be for at least \$50.00 in postage.

Customers may not combine multiple postage statements on a single Form 3533 to reach the \$50.00 minimum threshold.

* * * * *

9.5 Priority Mail Express Postage Refund

[Renumber current items 9.5.1 through 9.5.7 as new items 9.5.4 through 9.5.11.]

[Add new items 9.5.1 through 9.5.3 as follows:]

9.5.1 Priority Mail Express Next Day and Second Day Delivery

For Priority Mail Express Next Day and Second Day Delivery, the USPS refunds the postage for an item not available for customer pickup at destination or for which delivery to the addressee was not attempted, subject to the standards for this service, unless the delay was caused by one of the situations in 9.5.6.

9.5.2 Priority Mail Express Military Service (PMEMS)

For PMEMS, the USPS refunds postage for an item not available for customer pickup at the APO/FPO or DPO address or for which delivery to the addressee was not attempted domestically within the times specified by the standards for this service, unless the item was delayed by Customs; the item was destined for an APO/FPO or DPO that was closed on the intended day of delivery (delivery is attempted the next business day); or the delay was caused by one of the situations in 9.5.6.

9.5.3 Priority Mail Express Custom Designed

For Priority Mail Express Custom Designed, the USPS refunds the postage for an item not available for customer pickup at destination or not delivered to the addressee within 24 hours of mailing, unless the item was mailed under a service agreement that provides for delivery more than 24 hours after scheduled presentation at the point of origin or if the delay was caused by one of the situations in 9.5.6.

* * * * *

9.5.5 Conditions for Refund

[Revise the second sentence of newly renumbered 9.5.6 as follows:]

***Except as provided in 9.5.6, a mailer may file for a postage refund only if the item was not delivered, delivery was not attempted, or if the item was not made available for claim by the delivery date and time specified at the time of mailing.

* * * * *

9.5.6 Refunds Not Given

Postage refunds may not be available if delivery was attempted within the times required for the specific service, or if the guaranteed service was not provided due to any of the circumstances as follows:

[Revise 9.5.6 by adding new items a. through i. as follows:]

- a. The item was properly detained for law enforcement purposes (see Administrative Support Manual 274).
- b. The item was delayed due to strike or work stoppage.

c. The item was delayed because of an incorrect ZIP Code or address; or forwarding or return service was provided after the item was made available for claim.

d. The shipment is available for delivery, but the addressee made a written request that the shipment be held for delayed delivery.

e. The shipment is undeliverable as addressed.

f. If authorized by USPS Headquarters, and the delay was caused by governmental action beyond the control of USPS or air carriers; war, insurrection, or civil disturbance; delay or cancellation of flights; projected or scheduled transportation delays; breakdown of a substantial portion of USPS transportation network resulting from events or factors outside the control of USPS; or acts of God.

g. The shipment contained live animals and was delivered or delivery was attempted within 3 days of the date of mailing.

h. The Priority Mail Express Next Day shipment was mailed December 22 through December 25 and was delivered or delivery was attempted within 2 business days of the date of mailing.

i. The postage refund was other than for loss, and the Priority Mail Express piece was destined to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, or the Federated States of Micronesia (see 608.2.4.1 for ZIP Codes).

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We will publish an amendment to 39 CFR part 111 to reflect these changes.

Stanley F. Mires,

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